

1. (Twice Amended) A system for effecting a contract exchange between two parties, a buyer and a seller, comprising:

a clearing house computer;

a cash depositing facility comprising a computer based cash management fund,  
electronically linked to said central clearing house computer; and

an automated real time screen trading system operated by investors, which include the buyer and the seller, using personal computers linked by telephone lines to said central clearing house computer; wherein

the contract exchange is operable to create, trade and close indivisible financial package contracts each of which have two parties, a buyer and a seller, who are the beneficial owners of the proceeds of a binding obligation requiring a cash settlement based on a settlement price of a specific quantity of a specified type of product at an agreed price, place and time;

the price of the contracts being determined by a market;

the contracts are leveraged and investors must make sufficient funds available to a trading account from a depositing facility account to cover the proportion of the value of a contract, as determined by the leveraging ratio, being permitted to buy or sell, which sufficient funds are assigned funds;

as the price moves in the market, the parties to contracts gain or lose the entire changed value of the contracts they hold;

either the buyer or the seller makes an incremental profit after each price movement and the counter party makes an incremental loss;

the credit resulting from said incremental profit or loss is immediately transferred from the trading account of the party making the loss to the party making the profit;

said clearing house operable to hold options on all the contracts and is able to exercise option rights it holds to dispose of some or all of a party's contracts in the market if that party's trading, or assigned funds became insufficient to cover the proportion of the value of the contracts held, as determined by the leveraging ratio;

should said clearing house be unable to dispose of the contracts required in the market then, when the contract price moves such that the party's funds fall to zero, said clearing house is

*C1* able to close all that party's contracts at that price, simultaneously closing all the contracts held by the counter parties;

wherein closing takes place without delay and without the involvement of any other parties.

*C2* 2. (Amended) The system according to Claim 1, wherein when said clearing house is exercising its option rights and attempting to dispose of a party's contracts in the market and a counter party enters the opposite parameter of the market, then the clearing house may close all the party and counter party contracts that are in the market at the same time.

*C3* 3. (Thrice Amended) The system according to claim 1, wherein if a party has sufficient funds to cover the proportion of the value of the contracts held, as determined by the leveraging ratio, at the last sale price but not at the price of one of the market parameters, and a counter party enters the market at that parameter to close a position, said clearing house may  
5 close sufficient of the party's contracts with the counter party's contracts so that the party no longer has insufficient funds to cover the proportion of the value of the contracts held at the price of that market parameter.

*C4* 4. (Amended) The system according to Claim 1, wherein to create a new indivisible financial package contract said clearing house enters into a purchase contract with the buyer of the contract, and enters into a sale contract with the seller of that contract at the same price.

5. (Amended) The system according to Claim 1, wherein said clearing house will automatically reinvest unrealized surplus assigned funds from an investor's trading account into further contracts.

6. (Twice Amended) A protocol for trading on a contract exchange, which contract exchange provides a place to create and store contracts between parties, comprising the steps of:

providing a central clearing house computer;

providing a cash depositing facility comprising a computer based cash management fund electronically linked to the central clearing house computer;

providing an automated real time screen trading system operated by investors, which include the buyer and the seller, using personal computers linked by telephone lines to the central clearing house computer;

creating, trading and closing indivisible financial package contracts each of which have two parties, a buyer and a seller, who are the beneficial owners of the proceeds of a binding obligation requiring a cash settlement based on a settlement price of a specific quantity of a specified type of product at an agreed price, place and time;

determining the price of the contracts by operation of a market;

leveraging the contracts and monitoring the funds each investor has available to ensure each investor has sufficient funds available in a trading account to cover the proportion of the value of a contract, as determined by the leveraging ratio, before an investor is permitted to open contracts to buy or sell, which sufficient funds are assigned funds;

exercising option rights to dispose of some or all of a party's contracts in the market if that party's funds become insufficient to cover the proportion of the value of the contracts held, as determined by the leveraging ratio;

if unable to dispose of the contracts required in the market then, when the contract price moves such that the party's funds fall to zero, closing all that party's contracts at that price, and simultaneously closing all the contracts held by the counter parties;

closing takes place without delay and without the involvement of any other parties.

7. A protocol for trading on a contract exchange according to Claim 6, comprising the further step of when exercising option rights and attempting to dispose of a party's contracts in the market and a counter party enters the opposite parameter of the market, closing all the party and counter party contracts that are in the market at the same time.

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8. (Thrice Amended) A protocol for trading on a contract exchange according to claim 6, comprising the further step of:

if a party has sufficient funds to cover the proportion of the value of the contracts held, as determined by the leveraging ratio, at the last sale price but not at the price of one of the market parameters, and a counter party enters the market at the parameter to close a position, exercising option rights to close sufficient of the party's contracts with the counter party's contracts so that the party no longer has insufficient funds to cover the proportion of the value of the contracts held at the price of that market parameter.

9. A protocol for trading on a contract exchange according to Claim 6 comprising the further step of: as the price moves in the market, requiring the parties to contracts to gain or lose the entire change in value of the contracts they hold so that either the buyer or the seller makes an incremental profit after each price movement and the counter party makes and incremental loss, and immediately transferring the credit from the trading account of the counter party making the loss to the party making the profit.

10. (Twice Amended) A method for providing a unique indivisible financial package contract which is a binding obligation requiring a mandatory cash settlement based on a settlement price of a specific quantity of a specified type of product at an agreed price, place and time;

5 each contract has two parties, a buyer and a seller, who are the beneficial owners of the proceeds of the binding obligation;

when holding contracts, the price moves as determined by market forces;

the contracts are leveraged and requiring the investors to make sufficient funds available to a trading account from the depositing facility account to cover the proportion of the value of a contract, as determined by the leveraging ratio, before an investor is permitted to open contracts to buy or sell, which sufficient funds are assigned funds;

10 as the price moves in the market, the parties to contracts gain or lose the entire change of value of the contracts they hold;

either the buyer or the seller makes an incremental profit after each price movement and the counter party makes an incremental loss;

15 immediately transferring the credit to the trading account of the party making the profit from the trading account of the counter party making the loss;

providing a clearing house that is operable to hold options on all the contracts and is able to exercise its option rights to dispose of some or all of a party's contracts in the market if that party's funds became insufficient to cover the proportion of the value of the contracts held, as determined by the leveraging ratio;

20 should the clearing house be unable to dispose of the contracts required in the market then when the contract price moves such that the party's funds fall to zero, the clearing house is closing all that party's contracts and those of the contracts held by the counter parties

25 the step of closing taking place without delay and without involvement of any other parties

11. (Amended) The method of Claim 10, wherein when the clearing house is exercising its option rights and attempting to dispose of a party's contracts in the market and a

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counter party enters the opposite parameter of the market, then the clearing house may close all the party and counter party contracts that are in the market at that time.

5 C 12. (Thrice Amended) The method of Claim 10, wherein if a party has sufficient funds to cover the proportion of the value of the contracts held, as determined by the leveraging ratio, at the last sale price but not at the price of one of the market parameters, and a counter party enters the market at that parameter to close a position, the clearing house may close sufficient of the party's contracts with the counter party's contracts so that the party no longer has insufficient funds to cover the proportion of the value of the contracts held at the price of that market parameter.

C 13. (Amended) The method of Claim 10 wherein in order to create a new indivisible financial package contract the clearing house must enter into a purchase contract with the buyer of the contract, and enter into a sale contract with the seller of that contract at the same price.

### REMARKS

Applicant has carefully reviewed the Office Action dated August 30, 2000. Applicant has amended Claims 1-6 and 10-13 to more clearly point out the present inventive concept. Reconsideration and favorable action is respectfully requested.

Claims 1-5 stand rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter Applicant regards as his invention. Applicant respectfully traverses this rejection.

With respect to Claim 1, the claim has been amended to refer to this as a trading system which includes as a part thereof a contract exchange with the central clearing house computer electronically linked to the contract exchange. As such, Applicant believes that this amendment to Claim 1 overcomes the rejection with respect to Claims 1-5, the withdrawal of which is respectfully requested.